



### **Reality Show Cost**

Traditional model of branded reality shows (Apprentice, Survivor, etc.) calls for the brand to participate by paying upfront the cost of production plus profits for the producers and in return getting significant product integration. As the number of impressions increase from increased ratings, syndication & DVD sales – the value to the brand increases. In addition, the producers make additional money from the sale of commercial time and other profit channels. Under this option, the cost for 6 episodes of 'Amazing Grace' is \$3,000,000.

The U.S. government has recently chosen to incentivize the production of film and TV shows that are produced within the borders of the United States. Prior to the tax incentives enacted by the Jobs Act, the United States was known as the "runaway production" country. Because the U.S. did not offer tax incentives but other countries did, production (and, hence, jobs) migrated off-shore.

Now, at least for a small window of time (until 2008), the U.S. government is willing to trade tax incentives for bringing back these jobs. These structures are similar to the structures we used to finance films in the U.K. and Germany.

The new model of branded entertainment treats the brand as a partner and allows them to enjoy ALL of these new tax benefits. Under this new model, the production team is willing to risk a significant portion of their profits in return for a potential windfall upon the success of the program.

In this new model, our team would prepare 12 episodes at a cost of \$6,000,000. Your company would only pay \$3,000,000 and then provide a note for the additional \$3,000,000. This would provide your company with an immediate deduction of \$6,000,000 – a tax savings of approximately \$3,000,000.

Our team has utilized this same financing structure in Europe to finance such films as Harry Potter I & II, Lord of the Rings I, II & III, Mission Impossible I & II, The Core, Blade II, Lara Croft I & II, The Bourne Identity, Marci X, The Life of David Gale, Clockstoppers, Beyond Borders, Looney Tunes, Back in Action!, Paycheck, The Fighting Temptations, Malibu's Most Wanted, among others.







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